Underwriting Strategy

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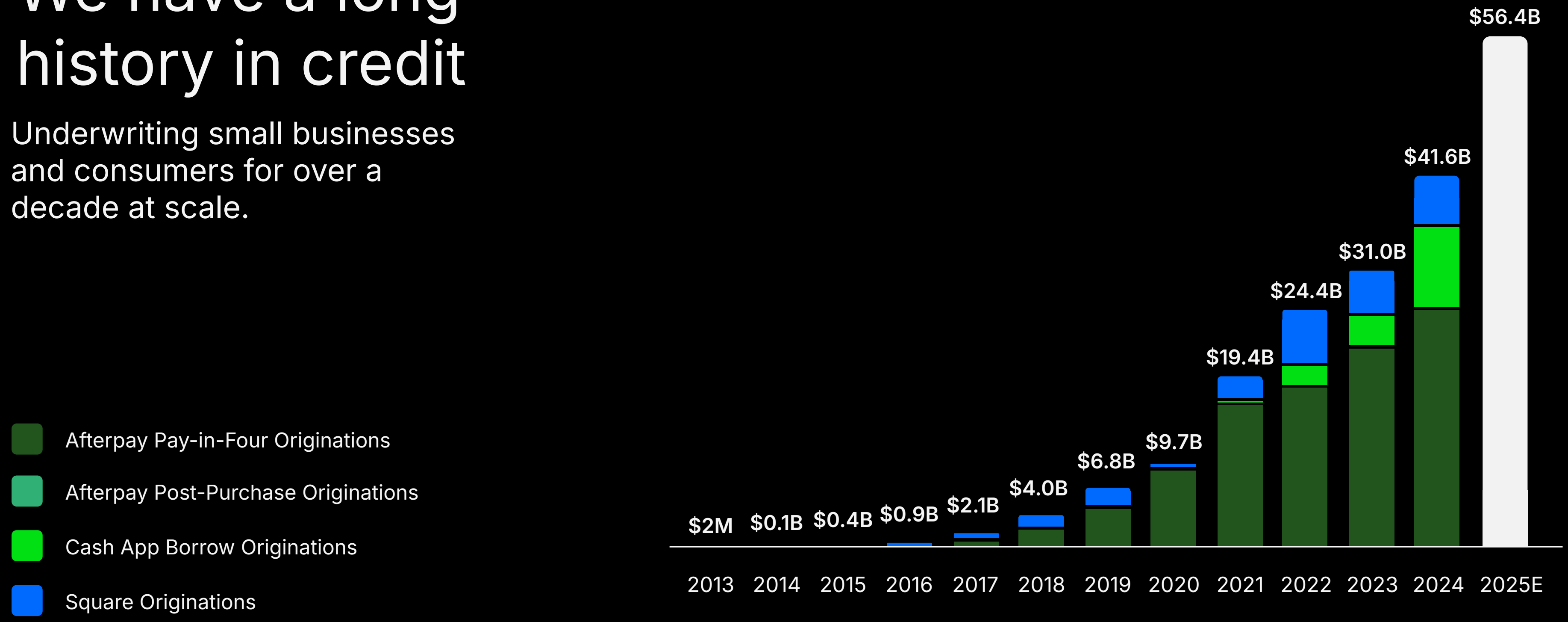
We have a long history in credit

Underwriting small businesses and consumers for over a decade at scale.



Represents forecasted originations for 2025.

We remain disciplined about risk as we grow

This year we've doubled Borrow limits while loss rates have remained stable.

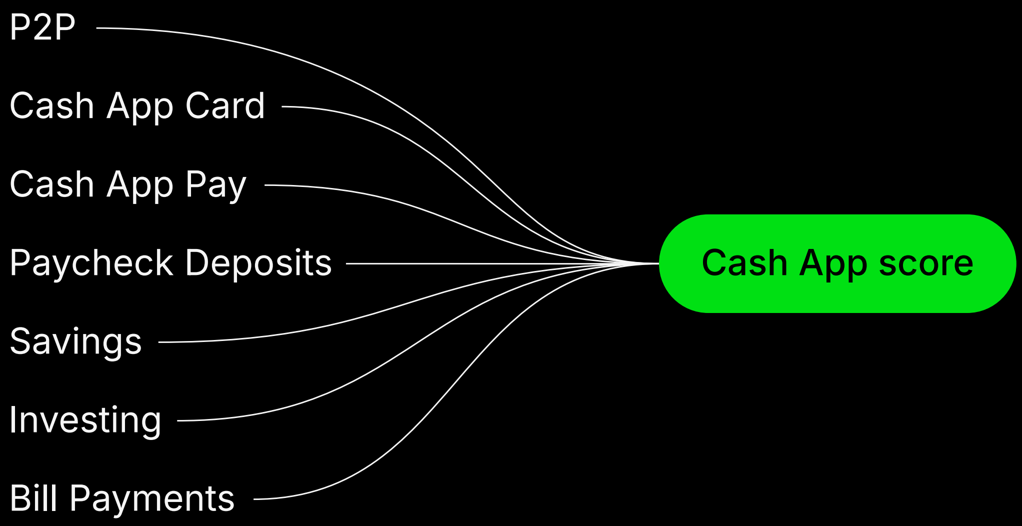
Represents Cash App Borrow loan performance data, Jan 2024–Sep 2025. Loans are cohorted based on month of origination. Origination cohort loss rate is shown as trailing 6-month figures while Borrow limits represent quarterly figures. Reflects risk loss for 4 week duration product only.

Risk expertise embedded in product design

	Typical Lender	Block
Repayment Mechanism	Mail a statement	Top of wallet: *seller revenue, cash flows, linked cards*
Loan Duration (average)	• Consumer loans: *33 months* • SMB loans: *3-18 months*	• Cash App Borrow: *21 days* • Afterpay Pay-in-Four: *27 days* • Square Loans: *154 days*
Repayment Approach	Accrue debt while making monthly minimum payments	Access paused for a loan or for a product if balances are unpaid

Source: Block internal data. Loan durations for Block products represent average weighted life for last twelve months as of September 2025. Borrow represents 4-week loan duration only. Typical lender notes refer to Consumer Affairs, "What are common small business term loans?" (December 2023), Consumer Affairs, "What is the best personal loan term?" (September 2023).

Differentiated underwriting outcomes powered by proprietary technology



Near-Real-Time Updates

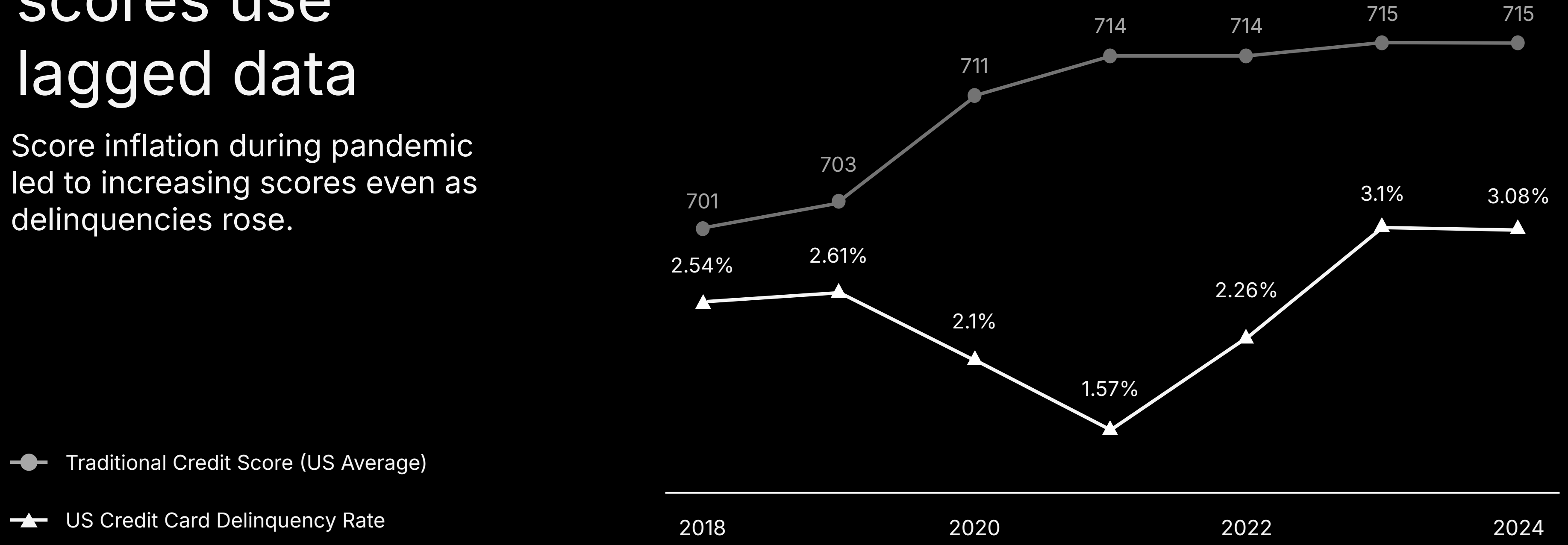
versus lagged data at bureaus

ML Models

built to serve the underserved

Traditional credit scores use lagged data

Score inflation during pandemic led to increasing scores even as delinquencies rose.



Source: "Experian, "What is the Average Credit Score in the US?" (August 8, 2025); "Federal Reserve Bank of St. Louis, "Delinquency Rate on Credit Card Loans, All Commercial Banks" (last accessed on November 10, 2025).

We can approve more customers without increasing risk

38%

higher Cash App Borrow approval rate while maintaining the same loss rates.

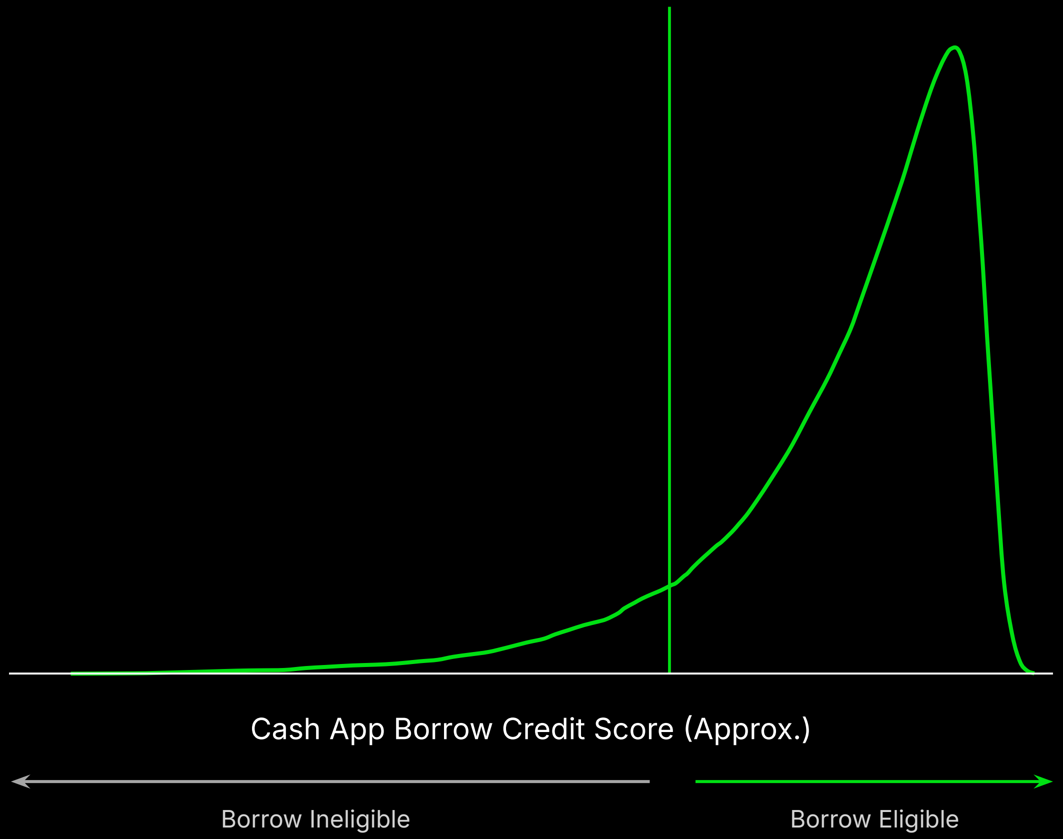
63%

higher Square Loans approval rate while maintaining the same loss rates.

Based on 2025 study of prior years' loans (2021 to 2023), matching customers with their traditional credit scores using third-party data to compare predictive power for approvals and loss rates based on internal Block data.

Cash App Score distribution

The score powers underwriting across our entire customer base and optimizes for profitability and growth.

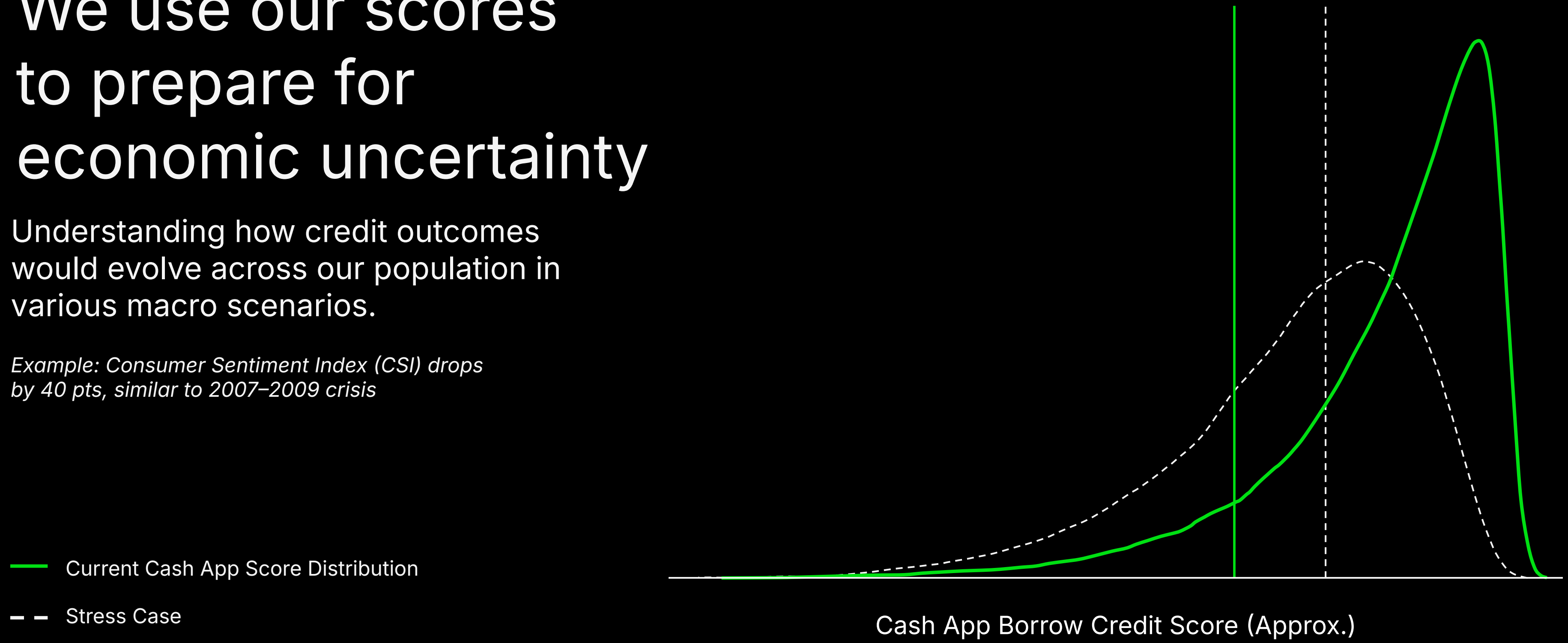


Approximate distribution of Cash App credit scores for Borrow monthly actives as of September 2025. See appendix for definition of active.

We use our scores to prepare for economic uncertainty

Understanding how credit outcomes would evolve across our population in various macro scenarios.

Example: Consumer Sentiment Index (CSI) drops by 40 pts, similar to 2007–2009 crisis



Scenario modeling of Cash App score distributions for Borrow monthly actives, based on historical correlation of CSI and Cash App score.

Innovating on explaining scores to customers

Deepening engagement with Cash App actives and helping them increase credit access.

Raw Model Features

card_decline_rate_in_6mon_by_cash_customer...

transfer_cumulative_gpv_cents_successful_cash...

mean_stored_balance_usd_in_4w_by_cash_custome...

transfer_cumulative_count_successful_cash_in_in_4w...

count_distinct_dates_with_settled_transactions_in_1w...

Customer-Friendly Explanations

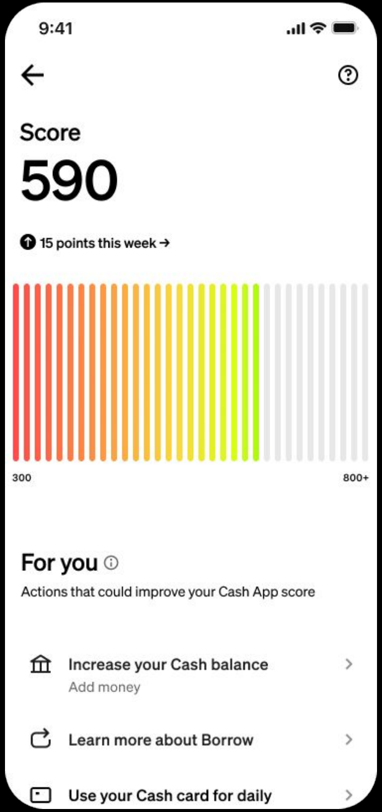
“You did a great job avoiding declined card transactions this month”

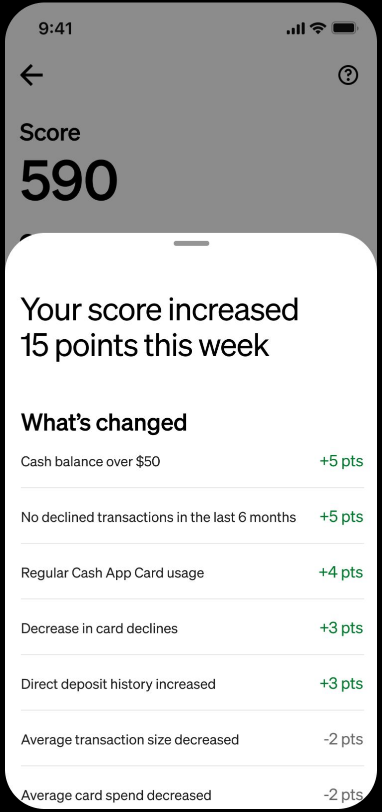
Recommendations to Improve

“Consider setting up direct deposit, to help us form a clear picture of your income”

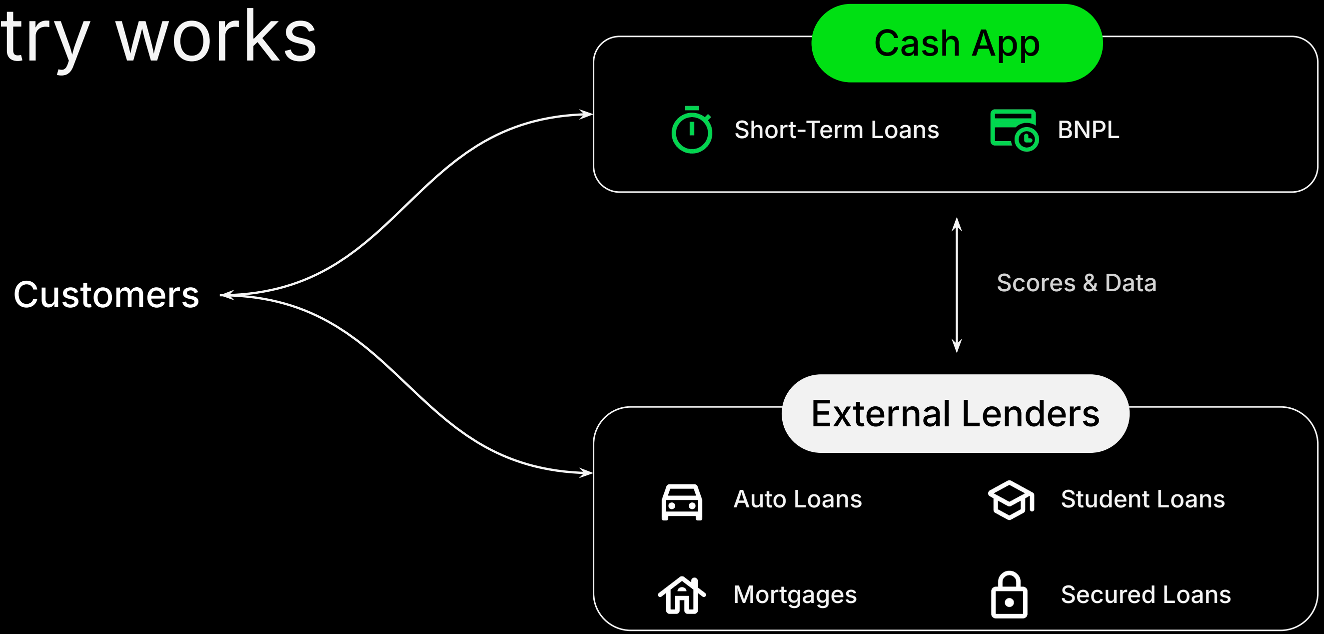
Introducing Cash App Score to customers

Piloting fall 2025





Significant opportunity to transform how the credit scoring industry works



Key takeaways

- → Block has built a **proven, disciplined** foundation for lending — combining responsible growth with strong returns.
- → Our proprietary near-real-time data and technology gives us a **differentiated edge** in assessing risk and expanding access.
- → **We're positioned to innovate** across new products within lending and beyond.

Appendix

Appendix

A **transacting active** is a Cash App account that has at least one financial transaction using any product or service within Cash App during a specified period. A transacting active for a specific Cash App product has at least one financial transaction using that product during the specified period and is referred to as an active. Examples of transactions include sending or receiving a peer-to-peer payment, transferring money into or out of Cash App, making a purchase using Cash App Card, earning a dividend on a stock investment, and paying back a loan, among others. Certain of these accounts may share an alias identifier with one or more other transacting active accounts. This could represent, among other things, one customer with multiple accounts or multiple customers sharing one alias identifier (for example, families).